

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1263 - HB 1323

April 21, 2015

**SUMMARY OF ORIGINAL BILL:** Requires an innkeeper to post a copy of Tenn. Code Ann. §§ 68-14-601 to -605 and all rules of the lodging establishment on its website, if applicable. The referenced statute pertains to a lodging establishment's right to refuse use, prohibited acts, guest registration, and ejection of patrons.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (004795):** Makes changes to current statewide building construction safety standards with regards to hospitality dwellings. Defines a "hospitality dwelling" as a one-family or two-family dwelling used as an establishment to provide hospitality services. Defines "hospitality services" as the offering of sleeping accommodations to transients for less than 30 nights per stay. Specifies that mandatory sprinkler requirements adopted by a local government may only be applied if the hospitality dwelling is constructed on or after the date the mandatory sprinkler requirements take effect and if the local government's waterworks system is capable of providing the required amount of water for the mandatory sprinkler system to function according to manufacturer specifications.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- The State Fire Marshal's Office, also known as the Fire Prevention Division is required to establish building construction standards. Such standards are required to afford a reasonable degree of safety to life and property from fire and hazards incident to the design, construction, alteration and repair of buildings or structures.
- This legislation prohibits local jurisdictions from requiring fire sprinkler systems in any property meeting the definition of a hospitality dwelling.
- The provisions of the bill will not significantly affect the current regulatory procedures of state or local governments.

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## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Other Fiscal Impact – The provisions of the bill could impact the construction costs of hospitality dwellings and also the insurance premiums and claims for such dwellings. While the exact impact cannot be reasonably determined, it is assumed to be positive to business.**

Assumptions for the bill as amended:

- It is unknown how many hospitality dwellings would be built without sprinkler systems as a result of this legislation. Any hospitality dwellings built without sprinklers will result in a decrease in building costs for businesses which construct hospitality dwellings. The exact impact cannot be determined but is reasonably estimated to be positive.
- Insurance claims could increase by individuals and companies that hold fire insurance policies on property within hospitality dwellings that do not have sprinkler systems. This would increase insurance premiums. While an exact impact cannot be determined, it is assumed that insurance companies will increase premiums to an amount that sufficiently covers any increase in claims; therefore, the net impact is not significant.
- Due to numerous unknown factors, any effect from this legislation is unable to be quantified.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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